

Message Text

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ACTION ARA-17

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E. O. 11652: N/ A

TAGS: EIND, MX

SUBJ: ACCUSATIONS AGAINST AMERICAN- OWNED ANIMAL- FEED FIRMS

REF: NONE

1. SUMMARY. MEXICAN SUBSIDIARIES OF TWO US. FIRMS HAVE BEEN ACCUSED BY THE WASHINGTON- BASED COMMITTEE FOR AN OPEN SOCIETY (COS) OF MAINTAINING A MEXICAN MONOPOLY ON CATTLE FEED, ACCORDING TO MEXICAN PRESS REPORTS OF APRIL 24-25. LOCAL SPOKESMEN OF BOTH FIRMS DENIED THE ACCUSATIONS, POINTING OUT THEIR MINIMAL ROLE IN CATTLE FEED AND A NON- MONOPOLY POSITION IN CHICKEN AND HOG FEED MARKETS. END SUMMARY.

2. ACCORDING TO VARIOUS MEXICO CITY NEWSPAPERS ON APRIL 24-25, WILLIAM HIGGS OF COS SUBMITTED A DOCUMENT TO SEN. FRANK CHURCH' S COMMITTEE INVESTIGATING US. MULTINATIONAL FIRMS. IN DOCUMENT, ACCUSATION WAS MADE THAT ANDERSON- CLAYTON AND PURINA WERE EXERCISING MONOPOLY IN CATTLE FEED IN MEXICO, FORCING UP LOCAL BEEF PRICES. ACCUSATION ALSO BROUGHT (ALLEGEDLY BASED ON CHARGES BY PRESIDENT MEXICAN VETERINARIANS ASSOCIATION) THAT TWO FIRMS WERE USING ANTIBIOTICS INDISCRIMINATELY IN CATTLE PRODUCTION, CREATING DANGER FOR EVENTUAL CONSUMERS OF MEAT.

3. A APRIL 25 ' EL HERALDO' CARRIES STORY REPORTING DENIAL OF ACCUSATIONS BY TWO FIRMS SPOKESMEN. ANDERSON- CLAYTON' S SALES MANAGER,

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JESUS PEREZ MONTES, SAID FIRM'S TOTAL FEED PRODUCTION AMOUNTED TO LESS THAN 30 PERCENT OF MEXICAN TOTAL, AND THAT VIRTUALLY ALL WAS USED FOR CHICKENS AND HOGS, SINCE MOST BEEF CATTLE SUBSIST ON RANGE GRASS. PURINA MARKETING VICE PRESIDENT OSCAR FITCH DIAZ SAID HIS FIRM ACCOUNTED FOR ONLY 20 PERCENT OF MEXICO'S 3-MILLION-TON PRODUCTION OF BALANCED ANIMAL FEEDS, AGAIN MAINLY FOR POULTRY AND SWINE. SPOKESMEN ALSO POINTED TO STRINGENT GOM CONTROLS ON USE OF ANTIBIOTICS IN MEAT PRODUCTION AND FIRMS' COMPLETE COMPLIANCE WITH THESE CONTROLS.

4. EMBASSY COMMENT: ACCUSATION THAT ANY COMPANY INFLUENCING HIGH MEXICAN BEEF PRICES THROUGH BALANCED- FEED PRICES IS SIMPLISTIC AND NOT WELL ANCHORED IN MEXICAN REALITY. BEEF PRODUCED ALMOST EXCLUSIVELY THROUGH OPEN- RANGE FEEDING; DAIRY CATTLE ARE MAIN RECIPIENTS OF LITTLE AMOUNT OF BALANCED FEED WHICH DESTINED FOR CATTLE. MEXICAN FEED INDUSTRY IS PERHAPS 50 PERCENT CONTROLLED BY AMERICAN FIRMS, WITH REMAINDER COMPOSED OF ONE LARGE GOM- OWNED FIRM AND PRIVATE MEXICAN COMPANIES. FEED PRICES ARE NOTABLY HIGHER THIS YEAR, MAINLY DUE TO FALLOFF IN LOCAL PRODUCTION OF FEED- GRAINS (IMPORTS EXPECTED TO REACH 1.2 MILLION TONS) AND HIGH WORLD PRICES FOR SAME COMMODITIES. MEXICO ALSO IMPORTING PROTEIN (MAINLY SOYBEAN MEAL) FOR BALANCED FEEDS ALSO AT CURRENTLY HIGH WORLD PRICES.

5. HIGGS HAS BEEN INCREASINGLY QUOTED IN MEXICAN PRESS OF LATE, AS PART OF GENERAL CAMPAIGN AGAINST ALLEGED EXCESSES OF FOREIGN FIRMS.

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